FINANCIAL.

Proceedings of the Government of His Highness the Maharaja of Mysore.

READ—

Letter No. 33—E. C., dated the 17—18th July 1912, from the Provisional Secretary, Economic Conference, submitting for the orders of Government the resolution carried at the Birthday Session of the Conference of 1912 about the establishment of a State-aided Bank.

No. FL. 5121-73—B. 9-12-2, DATED BANGALORE, 12TH MARCH 1913.

ORDER THEREON.—The subject of creating banking facilities for the development of trade and industries within the State by utilizing local capital as far as possible, has been engaging the attention of His Highness the Maharaja's Government for some time past. The question of starting a State-aided Bank in Mysore was urged on the attention of the Economic Conference in the Dasara Session of 1911 by the Committee for Industries and Commerce. It was discussed at the Conference and referred by that body to a Special Committee consisting of the Members of the Industries and Commerce Committee and three other gentlemen including the Comptroller to Government. The subject was exhaustively considered by the Special Committee and a workable scheme was framed and submitted to the Economic Conference at the June Session of 1912.

2. The Conference in resolving upon the desirability of establishing a State-aided Bank recommend the grant of the following concessions to the Bank by the Government :—

(1) The Government to maintain in the Bank, for a period of fifteen years, a minimum balance of half the paid-up capital without interest and deposit another sum of five lakhs at a reasonable rate of interest, if required by the Bank.

(2) The rate of interest to be paid for deposits, if any, in excess of this amount and other terms for business between Government and the Bank may be arranged for for three years at a time.

(3) Government to pay half the working expenses of the Bank for the first five years.

(4) As far as possible, the Bank to be permitted to do treasury work wherever it has branches open.

(5) Whenever the Government has to collect interest on its investments, the Bank of Mysore to be given preference.

(6) Government to provide treasury guards, without charge, within the Mysore State without involving any liability for loss by theft, negligence, etc.

(7) Government to provide guards, free of charge, in places where there is no railway.

(8) Municipal and District Fund balances to be lodged in the Bank.

(9) Government to appoint an auditor, free of charge, every year to audit the accounts and submit a report to Government.

3. After having given the subject full consideration, the Government of His Highness the Maharaja are of opinion that the formation of a State-aided Bank to be called The Bank of Mysore, on the lines suggested and with its headquarters at Bangalore is desirable.

4. The Government will be pleased to grant the following concessions to the Bank when started :—

(i) The Government to maintain in the Bank, for a period of ten years, a minimum balance of half the paid-up capital, without interest, out exceeding five lakhs and to deposit another equal amount at a

reasonable rate of interest, that is, not less than 3 per cent per annum, if required by the Bank.

(ii) The Government to pay half the working expenses of the Bank for the first five years and this contribution is not to exceed Rs. 10,000 per annum unless the special sanction of the Government is obtained to increasing the working expenses to more than Rs. 20,000 per annum.

(iii) The Bank to be permitted to do at district headquarters and other places approved by Government, such treasury work as may be decided upon from time to time.

(iv) The Bank to be given preference, as far as possible, in the matter of deposit of securities to be hereafter purchased by Government.

(v) The Government to supply treasury guards within the State and free escort for remittances between places not connected by railway for a period of five years and thereafter on payment of a reasonable charge, the Government not being held responsible for losses by theft, negligence, etc.

5. The Bank, on the other hand, will be required to consent to the following conditions. The concessions mentioned in the foregoing paragraph will continue only so long as these conditions are satisfied.

(i) To employ or invest or otherwise utilise at least 50 per cent of the capital, deposits and other funds at the disposal of the Bank within the limits of the Mysore State including the Civil and Military Station.

(ii) To appoint a duly qualified banking expert with the approval of Government to manage its affairs.

(iii) To its accounts being audited once a year, or more frequently by a person appointed by Government and to furnish Government as promptly as possible with all information and explanations and to produce for inspection of such person all accounts, documents, securities and other property of the Bank, as Government may require.

(iv) To obtain the approval by Government of the appointment of the President of the Directors.

(v) To publish such accounts as the Government may desire in the *Mysore Gazette* for the information of the public.

(vi) Not to engage in or enter into operations connected with foreign exchange.

(vii) Not to lend money on the security of immovable property.

(viii) To give due consideration to any advice that may be tendered by Government concerning the management of the business and employment and investment of the funds of the Bank.

6. In order to issue the necessary prospectus calling for shares, collect the required capital and to take necessary steps to bring the Bank into existence and to put it into working order, the following gentlemen each of whom has expressed his willingness to take shares in the Bank to the extent of Rs. 5,000 at least will form a Provisional Directorate. The initial expenditure will be raised by the Provisional Directors amongst themselves and on the formation of the Bank they will be entitled to recoup themselves either in shares or in cash and receive such promotion money as may be agreed to by the shareholders and approved by Government.

Dewan Bahadur Rajasabhabhushana Mr. K. P. Puttanna Chetty, Chairman.

Mr. E. R. Subbroyer,

Mr. Mandi Hariyanna,

Mr. L. Srinivasiengar,

Mr. M. Chengiah Chetty,

Mr. S. Narayana Rao,

Mr. Abdul Quddus,

with two more members to be added by selection by the above seven gentlemen.

7. The capital of the Bank should be not less than 20 lakhs but operations may be started when the paid-up capital amounts to five lakhs. As soon as the Bank is started the confirmation of the Directors or the appointment of new Directors and the management of the Bank will vest in the shareholders as is usual in such cases.

8. The Government have no objection to the contents of this order being widely circulated in the prospectus and otherwise and to the advertisement of the fact that the institution is under the patronage of and in receipt of aid from the Government of His Highness the Maharaja. But it should be made clear to all concerned that the entire liabilities as well as the entire profits of the concern will be the shareholders' alone. A note to this effect should be printed in the prospectus and on the back of the share application forms both in English and Vernacular.

9. The Government will, if required, for at least a year at the commencement, make available to the management of the Bank, such expert advice and co-operation as may be necessary to ensure its smooth working and development on sound business lines.

10. The Secretary of the Economic Conference will actively co-operate and do all that is necessary to help the Provisional Directors to bring the Bank into existence. An officer of the Account Department will also be associated to give advice in the initial stages of the organization.

J. S. CHAKRAVARTI,
Financial Secretary to Government.

To—The Provisional Secretary to the Mysore Economic Conference.
The Comptroller, Mysore Government.
Dewan Bahadur Rajasabhabhushana Mr. K. P. Puttanna Chetty.
Mr. Mandi Hariyanna.
Mr. E. R. Subbroyer.
Mr. L. Srinivasiengar.
Mr. M. Chengiah Chetty.
Mr. S. Narayana Rao.
Mr. Abdul Quddus.
The Deputy Commissioners of Districts.
The Heads of Departments.